

Message Text

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ORIGIN ARA-20

INFO OCT-01 ISO-00 AGR-20 EB-11 COME-00 AID-20 TRSE-00

OMB-01 IGA-02 CIAE-00 INR-10 NSAE-00 RSC-01 STR-08

L-03 H-03 /100 R

DRAFTED BY ARA/EP/P:MRRFRECHETTE

APPROVED BY ARA-LA/EP:RFWEBER

ARA-LA/EP:SCHERNENKOFF (SUB)

USDA:GTUSSEY (PHONE)

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R 202224Z SEP 73

FM SECSTATE WASHDC

TO AMEMBASSY LIMA

UNCLAS STATE 187689

JOINT STATE/AID

EO11652:NA

TAGS:EAGR,PE

SUBJECT: GOP CONCERN OVER AVAILABILITY OF WHEAT AND CORN
THROUGH COMMERCIAL CHANNELS

REF: LIMA 6444

1. MANUEL DIAZ CANO OF EPSA MET ON SEPTEMBER 20 WITH AGRICULTURE DEPT. OFFICIALS TO DISCUSS PERUVIAN GRAIN PURCHASES FROM THE US. DIAZ WAS ACCOMPANIED BY PERUVIAN MINISTER-COUNSELOR ROCA AND PERUVIAN EMBASSY THIRD SECRETARY CARLOS RODRIGUEZ. MR. FRANK MCKNIGHT, ASSOCIATE GENERAL SALES MANAGER, EXPORT MARKETING SERVICE, REPRESENTED USDA, ASSISTED BY MESSRS. GLENN TUSSEY AND CARLOS ORTEGA OF THAT OFFICE. PERU DESK REPRESENTED BY FRECHETTE AND CHERNENKOFF.

2. DIAZ BEGAN BY STATING THAT HE HAD COME TO REQUEST A GRAIN EXPORT QUOTA FOR PERU ON THE GROUNDS THAT PERU IS A
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TRADITIONAL BUYER FROM US. HE MENTIONED FIGURES OF

600,000 TONS OF WHEAT AND 300,000 TONS OF CORN AND SOR-
GHUM FOR L974. IN REPLY, MR. MCKNIGHT MADE THE FOLLOWING
POINTS: (A) WE ARE NOT CONSIDERING QUOTAS. RECENT DEPT.
OF AGRICULTURE ESTIMATES INDICATE THAT US GRAIN PRODUCTION
WILL BE SUFFICIENT TO MEET OUR EXPORT REQUIREMENTS. HOW-
EVER, BECAUSE OF STRONG DEMAND, PRICES WILL BE HIGH.
(B) IN THE UNLIKELY EVENT OF A NATURAL DISASTER AFFECTING
OUR CROPS OR OF SOME UNEXPECTEDLY HEAVY INTERNATIONAL

DEMAND, USG MIGHT BE OBLIGED TO ADOPT SOME FORM OF AGRI-
CULTURAL EXPORT CONTROLS. HOWEVER, IN SUCH A SITUATION,
USDA INTENDS TAKE CARE OF TRADITIONAL MARKETS.

3. WITH RESPECT TO POSSIBLE CREDIT, MR. MCKNIGHT SAID
THAT USG CONSIDERS CCC PROGRAM AN EXPORT PROMOTION DEVICE
WHICH, AT A TIME OF HEAVY DEMAND, IS MOST DIFFICULT TO
JUSTIFY. HE ADDED USDA FAVORS CONTINUATION OF CREDIT
PROGRAM IN ORDER TO MAINTAIN TRADITIONAL MARKETS AND FOR
LONG-RANGE MARKET DEVELOPMENT. HOWEVER, USDA POSITION
HAS NOT RPT NOT SO FAR PREVAILED WITHIN THE USG. MR.
DIAZ POINTED OUT THAT LACK OF ACCUSTOMED CREDIT FOR PERU-
VIAN AGRICULTURAL PURCHASES CREATED A SERIOUS PROBLEM FOR
HIS GOVERNMENT WITH RESPECT TO FOREIGN EXCHANGE.

4. DIAZ EXPRESSED SATISFACTION WITH THE MEETING AND
STATED HE WAS REASSURED BY WHAT HE HAD BEEN TOLD. DIAZ
GOES TO NEW YORK SEPTEMBER 21 AND THEN RETURNS TO LIMA.
RUSH

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